



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

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MICHAEL D. ANTONOVICH
Fifth District

April 13, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TEN-YEAR LEASE
CHILD SUPPORT SERVICES DEPARTMENT
5770 SOUTH EASTERN AVENUE, COMMERCE
(FIRST DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached ten-year lease with CCA Corporate Center (Lessor) for 84,477 rentable square feet and 337 parking spaces for the Child Support Services Department (CSSD) at an initial annual rent of \$1,976,761. The rental costs are 100 percent subvented by State and Federal funds.
2. Find that this lease is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.
3. Authorize the Chief Administrative Office (CAO) and CSSD to implement the project. The lease will become effective upon approval by your Board.

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The CSSD, originally under the auspices of the District Attorney's office, has been in operation at this facility since 1992. The County had been operating under a ten-year sublease agreement with Burlington Northern Santa Fe (BNSF) and subsequently exercised an option for the remaining term of the BNSF sublease scheduled to terminate April 30, 2004. Approval of the proposed lease will result in a direct lease with the existing Lessor for ten years commencing May 1, 2004.

CSSD currently has approximately 400 staff assigned to the proposed facility which functions as the Department's administrative headquarters as well as the base of operations for the Bureau of Family Support Operation Division II. The administrative and management services operation will consist of staff engaged in various administrative, fiscal, facilities management, human resources, the Ombuds Program, and community outreach functions for the department.

Division II, which is one of six regional divisions of CSSD, is responsible for establishing paternity judgments and obtaining child support orders for both welfare and non-welfare custodial parents. The Division is responsible for the enforcement of all support orders obtained by this office as well as orders obtained via the private sector under the Family Law Act. The office interviews between 75 and 150 people per day regarding issues related to the establishment and enforcement of child support cases. This particular Division has approximately 73,000 active cases that account for 15.2 percent of the County's entire caseload. The office is necessitated by State and Federal mandates and performance requirements. The proposed amendment will allow for the uninterrupted continuance of these and other support operations at the facility.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we improve the workplace environment in order to enhance quality and productivity (Goal 2, Strategy 2) and that we strengthen the County's fiscal capacity (Goal 4). In this case, we are housing multiple departmental functions and a subvented program in leased space in accordance with the Strategic Asset Management Principles, as further outlined in Attachment A.

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FISCAL IMPACT/FINANCING

The proposed lease amendment will continue to house CSSD in 84,477 square feet of office space and 337 parking spaces for \$164,730 per month, or \$1,976,761 annually.

5770 S. Eastern Ave.	Existing Sub-Lease	Proposed Direct Lease	Difference
Area (Square feet)	80,000	84,477	+ 4,477*
Term	Ten years + 2 year option (05/01/92 to 04/30/04)	Ten years (05/01/04 to 04/30/14)	New Ten year lease No option to extend
Annual Rent	\$1,613,050 (\$20.16/sq.ft.)**	\$1,976,761 (\$23.40/sq.ft.)	+ \$363,711 (\$3.24/sq.ft.)
Base TI Allowance	\$0	\$1,267,155 (\$15.00/sq.ft.)	+ \$1,267,155
Additional TI Allowance	\$1,200,000 (\$15.00/sq.ft.)	\$2,111,925 (\$25.00/sq.ft.)	+ \$911,925
Parking Included in Rent	320 off-street spaces	337 off-street spaces	+ 17 spaces
Cancellation	After 5 years with 180 days notice	After 4 years with 120 days notice	- 1 year; - 60 days
Rental Adjustments	Operating Expenses at 5% Annual CPI, 4% cap	None Annual CPI capped at 3%	- 5% per annum Cap reduction of 1%

* Premises re-measured subject to 1996 BOMA standards.

** Includes share of CPI increases to date.

This is a full-service lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy. Included in the rent is a \$15 per square foot, or \$1,267,155, tenant improvement (TI) allowance to be used as necessary for potential refurbishment, including carpet and paint, of the existing space. Any unused base TI allowance may be used in the form of rental abatement. The rental rate is \$1.95 per square foot per month, or \$1,976,761 annually, for the first three years of the lease, at which time the rate will increase to \$2.05 per square foot, or \$2,078,134 annually. The rent will be subject to annual consumer price index (CPI) increases capped at three percent beginning at the second year of the new lease term. Parking is included in the indicated rental rate.

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Sufficient funding for the proposed lease is included in the 2003-04 Rent Expense Budget and will be charged back to CSSD. Sufficient funding is available in the CSSD operating budget to cover projected lease costs. The rental cost for CSSD is subvented by State and Federal sources up to 100 percent.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Since April 1992, CSSD has been housed at 5770 South Eastern Avenue, Commerce, on four floors of a multi-tenant commercial building. At that time, the facility was improved for County use. The department has additional operations within the office park at 5500 South Eastern Avenue and across the street at 5701 South Eastern Avenue. This location and arrangement of staff within a close proximity provides a convenience to other internal programs (e.g., the Call Center and Interstate Investigation units). After consideration of alternative locations during the term of the County's tenancy, it was requested by CSSD and determined by this office to be in the best interest of the County that a new lease be negotiated in order to effectively continue the uninterrupted consolidated operations at this location.

The proposed ten-year lease provides for 84,477 square feet of office space and 337 parking spaces. The lease contains the following provisions:

- Commencement of the new rent and term will be May 1, 2004, subject to approval by your Board;
- A full-service gross basis with the Lessor responsible for all operating and maintenance costs;
- A \$1,267,155, or \$15 per square foot, TI allowance included in the base rental rate for deferred maintenance related to carpet, paint, and miscellaneous repairs;
- A reimbursable additional TI allowance of \$2,111,925, or \$25 per square foot, is available at the County's discretion in the event of unforeseen improvements or furniture necessary beyond the aforementioned base allowance;

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- Elimination of the operating expense pass-through provision in the existing sublease, providing potential savings of approximately \$49,000 per year;
- A cancellation provision at or anytime after four years by giving 120 days prior written notice and paying a cancellation fee equal to any unamortized TI costs incurred by the Lessor at an interest rate factor of eight percent.

This office conducted a survey of the area to determine the availability of comparable and more economical sites. CAO Real Estate staff was unable to identify any sites in the surveyed area that could suitably accommodate this requirement. Based upon said survey, staff has established that the rental range for similar office space is between \$22.32 and \$26.52 per square foot per year full-service gross. Thus, the base annual rent of \$23.40 for the proposed lease represents a rate within the market range for the area. Attachment B shows County-owned and lease facilities within the service area for these programs and there are no suitable County-owned or leased facilities available for the program.

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on March 17, 2004. After careful review, it was the Commission's decision to approve the proposed lease.

The Department of Public Works has completed a seismic review of the facility and found it suitable for County's continued occupancy. In addition, the building is in close proximity to public transportation routes and is ADA accessible.

The construction and operational costs associated with a childcare facility at this location are not financially feasible for the Department at this time.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

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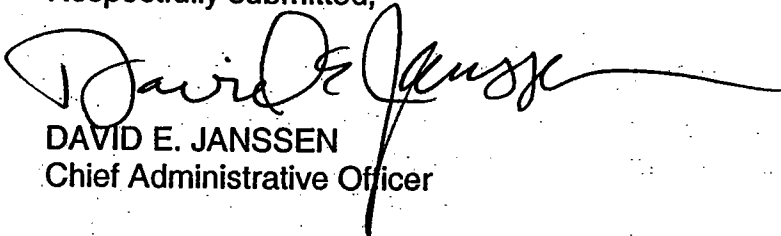
IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease amendment is in the best interest of the County and will provide necessary space for this continuing County requirement. In accordance with your Board's policy on the housing of any County offices or activities, CSSD concurs in this lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return four originals of the executed lease, two certified copies of the Minute Order and the adopted, stamped Board letter to the CAO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:NCH:hd

Attachments (5)

c: County Counsel
Auditor-Controller
Child Support Services Department

CHILD SUPPORT SERVICES DEPARTMENT
5770 S. EASTERN AVENUE, COMMERCE
 Asset Management Principles Compliance Form¹

1.	Occupancy	Yes	No	N/A
	A Does lease consolidate administrative functions? ²	X		
	B Does lease co-locate with other functions to better serve clients? ²	X		
	C Does this lease centralize business support functions? ²			X
	D Does this lease meet the guideline of 200 sq ft of space per person? ² CSSD will have a ratio of 201 sf/person.	X		
2.	Capital			
	A Should program be in leased space to maximize State/Federal funding?	X		
	B If not, is this a long term County program?			X
	C Is it a net County cost (NCC) program? CSSD subvention rate is 100% offset by State and Federal funding. NCC is zero.		X	
	D If yes to 2 B or C, capital lease or operating lease with an option?			X
	E If no, are there any suitable County-owned facilities available?		X	
	F If yes, why is lease being recommended over occupancy in County-owned space?			X
	G Is Building Description Report attached as Attachment B?	X		
	H Was build-to-suit or capital project considered? The proposed building is available at competitive market rate and allows for co-location of existing departmental programs and functions. A build-to-suit or capital lease for this and other departmental programs may be considered in the future.		X	
3.	Portfolio Management			
	A Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B Was the space need justified?	X		
	C If a renewal lease, was co-location with other County departments considered?	X		
	D Why was this program not co-located?			
	1. ___ The program clientele requires a "stand alone" facility.			
	2. <u>X</u> No suitable County occupied properties in project area.			
	3. ___ No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. ___ The Program is being co-located.			
	E Is lease a full service lease?	X		
	F Has growth projection been considered in space request?	X		
	G Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98			
	² If not, why not?			

ATTACHMENT B

Space Search Zip Codes of 90022, 90040, 90063, 90201, 90255, 90640, 90660

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP
4364	PROBATION-EAST LOS ANGELES AREA OFFICE	144 S FETTERLY AVE, EAST LOS ANGELES 90022	15584	11327	OWNED
4465	DF KIRBY CENTER-ADMINISTRATION BUILDING	1500 S MCDONNELL AVE, COMMERCE 90022	18169	10117	OWNED
3241	EAST LOS ANGELES COURTHOUSE	214 S FETTERLY AVE, EAST LOS ANGELES 90022	126972	63347	FINANCED
5412	PUBLIC LIBRARY-EAST LOS ANGELES LIBRARY	4801 E 3RD ST, EAST LOS ANGELES 90022	14848	11740	OWNED
A029	PW-EAST LOS ANGELES DISTRICT OFFICE	5119 E BEVERLY BLVD, EAST LOS ANGELES 90022	3142	2358	LEASED
A122	BOARD OF SUP-EAST LOS ANGELES FIELD OFFICE	5262 E BEVERLY BLVD, EAST LOS ANGELES 90022	2328	2095	LEASED
5428	DPSS-BELVEDERE AP DISTRICT OFFICE	5445 E WHITTIER BLVD, EAST LOS ANGELES 90022	70493	49261	OWNED
A460	DHS-FERGUSON ADMINISTRATIVE SERVICES CENTER	5555 FERGUSON DR, CITY OF COMMERCE 90022	268400	246550	LEASED
A188	SHERIFF-INTERNAL AFFAIRS BUREAU/RISK MANAGEM	4900 S EASTERN AVE, CITY OF COMMERCE 90040	9443	8027	LEASED
A188	SHERIFF-INTERNAL AFFAIRS BUREAU/RISK MANAGEM	4900 S EASTERN AVE, CITY OF COMMERCE 90040	25140	21369	LEASED
A332	CHILD SUPPORT SERVICES-COMPUTER SYSTEMS DIV.	5500 S EASTERN AVE, CITY OF COMMERCE 90040	42250	40138	LEASED
A570	CHILD SUPPORT SERVICES-INTERSTATE DIVISION	5701 S EASTERN AVE, CITY OF COMMERCE 90040	61130	55017	LEASED
A183	SHERIFF-HOMICIDE BUREAU OFFICE BUILDING	5747 RICKENBACKER RD, CITY OF COMMERCE 90040	17460	14563	LEASED
A133	CHILD SUPPORT SERVICES-ADMINISTRATIVE HDQTRS	5770 S EASTERN AVE, CITY OF COMMERCE 90040-292	80000	60052	LEASED
A580	FIRE-ADMINISTRATIVE HEADQUARTERS OFFICE ANNE	5801 S EASTERN AVE, CITY OF COMMERCE 90040	28474	25627	LEASED
A446	FIRE-INFORMATION-MANAGEMENT DIVISION OFFICES	5815 RICKENBACKER RD, CITY OF COMMERCE 90040	3722	3350	LEASED
A823	FIRE-FIRE PREVENTION DIV/ FORESTRY DIV HDQTRS	5823 RICKENBACKER RD, CITY OF COMMERCE 90040	17710	15939	LEASED
A146	FIRE-HAZARDOUS MATERIALS DIVISION HEADQUART	5825 RICKENBACKER RD, CITY OF COMMERCE 90040	16670	13737	LEASED
A157	DC&FS-REGION III HEADQTRS/ BELVEDERE SERVICES	5835 S EASTERN AVE, CITY OF COMMERCE 90040	38814	36873	LEASED
A427	FIRE-MAPPING & ENGINEERING SECTION OFFICES	5847 RICKENBACKER RD, CITY OF COMMERCE 90040	7177	6100	LEASED
A310	CHILD SUPPORT SERVICES-COLLECTIONS OFFICE	5895 RICKENBACKER RD, CITY OF COMMERCE 90040	11394	11394	LEASED
B059	DISTRICT ATTORNEY-AUTO INSURANCE FRAUD UNIT	5901 E SLAUSON AVE, COMMERCE 90040	6840	6500	GRATIS USE
4526	BISCAILUZ-ADMINISTRATION BUILDING	1060 N EASTERN AVE, LOS ANGELES 90063	16571	11428	OWNED
4423	BISCAILUZ-MENTAL HEALTH RECOVERY CTR (CLOSED)	1060 N EASTERN AVE, LOS ANGELES 90063	6320	4620	OWNED
5863	ISD-ADMINISTRATIVE HEADQUARTERS	1100 N EASTERN AVE, LOS ANGELES 90063	80309	58826	FINANCED
T061	ISD-EASTERN COMPLEX PROJECT MANAGEMENT TRAI	1100 N EASTERN AVE, LOS ANGELES 90063	7200	6840	LEASED
5870	ISD-EASTERN AVE COMPLEX TELECOM BRANCH BLDG	1110 N EASTERN AVE, LOS ANGELES 90063	37742	28973	FINANCED
X155	ISD-EASTERN AVE COMPLEX TELECOM BUTLER BLDG	1112 N EASTERN AVE, LOS ANGELES 90063	4960	4638	OWNED
3542	FIRE-ADMINISTRATIVE HEADQUARTERS BUILDING	1320 N EASTERN AVE, LOS ANGELES 90063-3294	39015	24288	FINANCED
6131	DCSS-EAST LOS ANGELES SERVICE CENTER	133 N SUNOL DR, EAST LOS ANGELES 90063	28514	21777	OWNED
X707	PUBLIC LIBRARY-ANTHONY QUINN LIBRARY	3965 E CESAR CHAVEZ AVE, EAST LOS ANGELES 90063	7275	6077	OWNED
Y307	PUBLIC LIBRARY-CITY TERRACE LIBRARY	4025 E CITY TERRACE DR, EAST LOS ANGELES 90063	8007	6984	OWNED
A190	PUBLIC LIBRARY-BELL LIBRARY	4411 E GAGE AVE, BELL 90201	4863	3515	LEASED
A680	PUBLIC LIBRARY-CUDAHY LIBRARY	5218 SANTA ANA ST, CUDAHY 90201	4396	3332	LEASED
B460	DPSS-GAIN PROGRAM REGION VI OFFICE	5460 BANDINI BLVD, BELL 90201	31400	21815	LEASED
4179	DHS-BELL GARDENS HEALTH CENTER (CLOSED)	6912 AJAX AVE, BELL GARDENS 90201	3052	1607	OWNED
A308	PUBLIC LIBRARY-BELL GARDENS LIBRARY	7110 GARFIELD AVE, BELL GARDENS 90201	5119	4213	PERMIT
Y460	DPSS-CUDAHY A/P DISTRICT OFFICE	8130 S ATLANTIC AVE, CUDAHY 90201	30873	24212	OWNED
A153	DISTRICT ATTORNEY-HUNTINGTON PARK AREA OFFICE	2958 E FLORENCE AVE, HUNTINGTON PARK 90255	5600	4760	LEASED
5466	PUBLIC LIBRARY-HUNTINGTON PARK LIBRARY	6518 MILES AVE, HUNTINGTON PARK 90255	33482	24243	OWNED
3350	DHS-SAN ANTONIO HEALTH CTR/ EHS DIST (CLOSED)	6538 MILES AVE, HUNTINGTON PARK 90255	16033	10261	GROUND LEASE
3709	HUNTINGTON PARK COURTHOUSE	6548 MILES AVE, HUNTINGTON PARK 90255	29295	16325	GROUND LEASE
D090	PUBLIC LIBRARY-CHET HOLIFIELD LIBRARY	1060 S GREENWOOD AVE, MONTEBELLO 90640	5500	4601	LEASED
5395	PUBLIC LIBRARY-MONTEBELLO REGIONAL LIBRARY	1550 W BEVERLY BLVD, MONTEBELLO 90640	50530	23989	OWNED
D520	DHS-PICO RIVERA HEALTH CENTER (CLOSED)	6336 S PASSONS BLVD, PICO RIVERA 90660	9112	5059	OWNED
5641	PUBLIC LIBRARY-RIVERA LIBRARY	7828 S SERAPIS AVE, PICO RIVERA 90660	6724	5404	OWNED
4983	PUBLIC LIBRARY-PICO RIVERA LIBRARY	9001 MINES AVE AT ROSEMEAD BLVD, PICO RIVERA 90660	7700	6317	OWNED

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT

COUNTY OF LOS ANGELES, a body politic and corporate, as Tenant:

LANDLORD: CCA CORPORATE CENTER, L.L.C.,
a Delaware limited liability company

5770 South Eastern Avenue,
Commerce, California

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COUNTY OF LOS ANGELES

CHIEF ADMINISTRATIVE OFFICE

LEASE AGREEMENT

THIS LEASE is entered into as of the ____ day of _____, 2004 between CCA CORPORATE CENTER, L.L.C., a Delaware limited liability company ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant" or "County").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

(a) Landlord's
Address for Notice:

CCA Corporate Center, L.L.C.
100 North Sepulveda Boulevard
Suite 1210
El Segundo, California 90245
Attention: Larry M. Matsui
Tel.: (310) 648-7500

with copies to:

Cushman & Wakefield
5801 E. Slauson Avenue, Suite 170
Commerce, California 90040
Attention: Commerce Office Park Property Manager

(b) Tenant's
Address for Notice:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971

(c) Premises: 84,477 rentable (75,759 usable) square feet in the Building (defined below) as shown on Exhibit A attached hereto.

(d) Building: The building located at 5770 South Eastern Avenue, Commerce, California which is located upon the real property described more particularly in Exhibit B attached hereto (the "Property");

(e) Term: Ten (10) years commencing on the "Commencement Date," defined below; and terminating at midnight on the day before the tenth (10th) anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.

(f) Projected N/A.

Commencement Date:

(g) Commencement May 1, 2004.

Date:

(h) Irrevocable N/A.

Offer Expiration Date:

(i) Basic Rent: From May 1, 2004 through April 30, 2007:

\$164,730.15 per month, which is based upon a rental rate of \$1.95 per rentable square foot (adjustable only as provided in Section 2(b) and Section 5(b) hereof.)

From May 1, 2007 through April 30, 2014:

\$173,177.85 per month, which is based upon a rental rate of \$2.05 per rentable square foot (adjustable only as provided in Section 2(b) and Section 5(b) hereof.)

(j) Early N/A.
Termination Notice Date:

(k) Rentable Square 84,477 rentable square feet
Feet in the Premises:

- (l) Use: General office use and any ancillary uses related thereto all of which shall be consistent with the nature of a first-class office project.
- (m) Initial Departmental Use: Child Support Services Department
- (n) Unreserved Parking Spaces: 4 unreserved parking spaces for every 1,000 rentable square feet of the Premises, for a total of three hundred thirty-seven (337) unreserved parking spaces for use in the Project parking areas and/or facilities.
- (o) Normal Working Hours: 8:00 a.m. to 6:00 p.m., Monday through Friday and 8:00 a.m. to 3:00 p.m. on two (2) Saturdays per calendar month, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.
- (p) Phase I Report: The "Phase I Report" referenced in Section 10(a) of this Lease shall be reasonably available for Tenant's review at Landlord's designated office during normal business hours.

1.2 Defined Terms Relating to Landlord's Work Letter:

- (a) Base Tenant Improvement Allowance: \$15.00 per rentable square foot of the Premises
- (b) Additional Tenant Improvement Allowance: \$25.00 per rentable square foot of the Premises
- (c) Maximum Change Order Allowance: \$50,000.00.
- (d) Additional Tenant Improvement Amortization Rate: 8.0% per annum
- (e) Basic Rent Reduction: N/A.

(f) Tenant's Work Letter Representative:

An assigned staff person of the CAO office shall serve as Tenant's sole representative with respect to the matters set forth in this Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required hereunder.

(g) Landlord's Work Letter Representative:

Larry M. Matsui

(h) Landlord's Address for Work Letter Notice:

See addresses set forth in Section 1(a) above.

(i) Tenant's Address for Workletter Notice:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, California 90012

With a copy to:
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971

1.3 Exhibits to Lease:

Exhibit A – Floor Plan of Premises
Exhibit B – Legal Description of Property
Exhibit C – Commencement Date Memorandum and Confirmation of Lease Terms
Exhibit D – HVAC Standards
Exhibit E – Cleaning and Maintenance Schedule
Exhibit F – Work Letter

1.4 Intentionally Omitted.

1.5 Supplemental Lease Documents: (delivered to Landlord and made a part hereof by this reference):

Document I: Subordination, Non-disturbance and Attornment Agreement **[[FROM LANDLORD'S CURRENT LENDER]]**
Document II: Tenant Estoppel Certificate
Document III: Community Business Enterprises Form
Document IV: Memorandum of Lease
Document V: Request for Notice

2. PREMISES.

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

(b) Tenant shall have the right within ninety (90) days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International except that no penthouse mechanical room space shall be included in the measurement. Should the exact square footage of the Premises be less than the square footage stated above, Tenant shall have the right to adjust such square footage and proportionately reduce the Basic Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Basic Rent in the event the measured square footage exceeds the amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this subsection (b) Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.

(c) The Premises shall initially be improved per the terms and conditions set forth in the Work Letter attached hereto as Exhibit F and incorporated herein.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the common area entrances, common area lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES.

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date.

(b) Early Termination. Tenant shall have the right to terminate this Lease at any time after the last day of the forty-eighth (48th) month of the Term of this Lease, by giving Landlord not less than one hundred twenty (120) days prior written notice (the "Termination Notice"), which Termination Notice shall be executed by the Chief

Administrative Officer of Tenant. A termination fee in an amount equal to the sum of (y) the unamortized portion, as of the Termination Date, of (i) the first \$12.50 per rentable square foot of the "Base Tenant Improvement Allowance" (as defined in Section 2.1 of the Work Letter) and (ii) any "Additional Tenant Improvement Allowance" (as defined in Section 2.1 of the Work Letter) provided by Landlord to Tenant, and (z) the unamortized portion, as of the Termination Date, of all leasing commissions paid by Landlord in connection with this Lease, with the amounts in items (y) and (z) above being amortized at eight percent (8%) per annum shall be paid by Tenant within thirty (30) days after the effective date of such termination by Tenant.

5. RENT.

(a) Initial Basic Rent. Tenant shall pay Landlord the Basic Rent stated in Section 1 and adjusted per Section 5(b) below during the Term hereof within fifteen (15) days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County"). Basic Rent for any partial month shall be prorated in proportion to the number of days in such month.

(b) CPI Adjustments. From and after the first anniversary of the Commencement Date, on the first day of the first full calendar month thereafter (the "Adjustment Date") and on every anniversary of the Adjustment Date thereafter, Basic Rent shall be adjusted by applying the CPI Formula set forth below. The "Basic Index" shall be the Index published for the month the Lease commences.

(i) CPI Formula. The Index means the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84=100). The "CPI Formula" means Basic Rent multiplied by a fraction, the numerator being the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Index published for the month the Lease commenced. If the Index is changed so that the Index differs from that used as of the Commencement Date of the Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term of this Lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same results as would be obtained if the Index had not been discontinued or revised.

(ii) Illustration of Formula. The formula for determining the new rent shall be as follows:

$$\frac{\text{New Index}}{\text{[Base Index]}} \times \$ \text{_____} (\text{Basic Rent})$$

+ Amount needed to amortize Tenant's Additional Tenant Improvements,
if any
+ Amount needed to amortize change order costs, if any
= Monthly Basic Rent

(iii) Limitations on CPI Adjustment. In no event shall the monthly Basic Rent adjustment based upon the CPI Formula result in an annual increase greater than three percent (3%) per year of the Basic Rent. In no event shall the monthly rent be adjusted by the CPI Formula to result in a lower monthly Basic Rent than was payable during the previous year of the Lease.

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; provided, however, Landlord shall not unreasonably withhold its consent to a change of use which is materially consistent with the Use (as set forth in Section 1(l) above).

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a month-to-month tenancy only (and shall not be construed as consent by Landlord to any holding over by Tenant or as a renewal hereof or an extension for any further term), which tenancy is terminable only upon ninety (90) days written notice from Landlord or thirty (30) days written notice from the Chief Administrative Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements (collectively, the "Applicable Laws") in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly,

but in any event within ten (10) days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving written notice within ten (10) days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises; (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE

(a) Delivery Condition. Upon delivery of the Premises to Tenant, (i) the Premises, the Building and all Common Areas (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) shall be in compliance with all current laws, codes, and ordinances, including use the Americans With Disabilities Act; and shall be in reasonable good working order and condition to the extent necessary for Tenant to obtain and maintain a certificate of occupancy (or its legal equivalent) for the Premises; (ii) the Building and Premises shall be in compliance with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas shall be free of the presence of any Hazardous Materials (as hereinafter defined); and (iv) Landlord shall

not have received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation without action by Landlord thereupon. To the best of Kenneth W. White's (Landlord's Vice President, Acquisitions) knowledge and belief based upon that certain Phase I Report prepared by Rincon Consultants, Inc. and dated June 10, 2002 (the "Phase I Report") the Premises and the Building contain no asbestos-containing materials (other than as may be reflected in the Phase I Report). A copy of the Phase I Report shall be made available to Tenant upon its request, provided that any information in the Phase I Report shall be deemed confidential and shall not be disclosed by Tenant to any third party, unless compelled to do so by a court of law. Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials, if any, not brought to the Premises by Tenant to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Notwithstanding the foregoing, except to the extent made necessary by Tenant's negligence or acts or omissions, Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include repairs to: (1) the floor covering; (2) interior partitions; (3) doors; (4) the interior side of demising walls; and (5) signage. Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) with respect to those items and/or improvements located within the Premises, be at least equal in quality, value and utility to the original work or installation, (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance that is required within the Premises, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than fifteen (15) days after the giving of such notice, then Tenant may proceed to take the required action within the Premises following Tenant's delivery of an additional fifteen (15) business days' notice to Landlord specifying that Tenant is taking such required action (provided, however, that the foregoing notices shall not be required in the event of an

emergency which threatens life or material, imminent danger to property). In the event Tenant takes such action, Tenant shall use only those contractors used by Landlord in the Building for such repairs and/or maintenance work unless such contractors are unwilling or unable to perform, or timely perform, such work, in which event Tenant may utilize the services of any other qualified contractor which normally and regularly performs similar work in other "Class A" office buildings located in the vicinity of the Building. Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord in connection with the Premises and was not taken by Landlord within the time periods provided under the foregoing notices (unless such notices were not required as provided above), and Tenant performed such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum following Tenant's completion of such work and Tenant's delivery of a detailed invoice of the work completed, the materials used and the costs relating thereto. If Tenant is not reimbursed by Landlord within twenty (20) days following Tenant's delivery of the required invoice and Landlord does not deliver a detailed written objection to Tenant regarding the reasonableness of the costs associated with such actions performed by Tenant, Tenant shall, upon prior written notice to Landlord, be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises:

(a) HVAC. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings but in any event not less than four (4) watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

(c) Elevators. Landlord shall furnish freight and passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Landlord shall provide janitorial service on five (5) nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven (7) day per week, twenty-four (24) hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the right to terminate this Lease, in which event Tenant shall surrender the Premises to Landlord; and, in which event, Landlord may recover from Tenant the following:

(1) The worth at the time of any unpaid rent which has been earned at the time of such termination; plus

(2) Intentionally omitted.

(3) Intentionally omitted

(4) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(5) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "rent" as used in this Section 13(b) shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Paragraphs 13(b)(1) and (2) above, the "worth at the time of award" shall be computed by allowing interest at twelve percent (12%) per annum, but in no case greater than the maximum amount of such interest permitted by law. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) Continue Lease in Effect. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, Landlord shall have, in addition to any other remedies available to the Landlord at law or in equity (including, without limitation, the remedy set forth in Section 13(b) above), the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any Default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

(d) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c) 19 and 20(b), Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within thirty (30) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)); provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, but subject to the terms set forth in Section 14(d) below, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all

other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; or (iv) to terminate this Lease, if Landlord has not cured a material default under this Lease by Landlord within thirty (30) days of an additional written notice from Tenant stating its intention to terminate this Lease if such material default by Landlord is not cured within such period; provided, however, that if the nature of such material default is such that the same cannot reasonably be cured within such thirty (30) day period Tenant shall not be entitled to terminate this Lease pursuant to this subsection (iv) so long as Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

(d) Mutual Waiver of Consequential Damages. Notwithstanding any contrary provision of this Lease, neither Landlord nor Tenant shall be liable to the other party for any consequential damages for a breach or default under this Lease, provided that this sentence shall not be applicable to any consequential damages which may be incurred by Landlord relating to, or in connection with (i) any improvements or alterations made by or on behalf of Tenant, or (ii) any storage, use, treatment, manufacture, sale, disposal or discharge of any Hazardous Materials in, on, under or about the Premises, Building or Project by Tenant, the Tenant Parties, Landlord or the Landlord Parties, or (iii) any holdover by Tenant after the expiration of the Lease Term.

15. ASSIGNMENT AND SUBLETTING. Tenant shall not assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent: and no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease (except in connection with then not yet accrued obligations of Tenant under this Lease in connection with an assignment to an entity with a then-current "Credit Rating" of BBB or better from Standard and Poor's rating service or a then-current "Credit Rating" of Baa2 or better from Moody's Investor Services (or, in each such case, if such credit rating service is no longer available, then a comparable rating from a nationally recognized and reasonably equivalent credit rating service) to which Landlord has given its express written consent, which consent shall not be unreasonably withheld, conditioned or delayed so long as Landlord is provided reasonable written evidence of such rating and such assignee expressly assumes all obligations of Tenant under this Lease.

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Except in connection with any "Cosmetic Alterations" (defined below), Tenant shall not make any alterations, improvements, additions, changes or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than thirty (30) days prior the commencement thereof, and which consent shall not be unreasonably withheld, conditioned or delayed, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Building. However, Landlord's consent shall not be required for any Alteration that is a strictly cosmetic, non-structural addition and/or alteration (a "Cosmetic Alteration") that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not affect the systems or structure of the Building or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises; (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building, and (5) does not involve an expenditure of more than Fifty Thousand and No/100 Dollars (\$50,000.00) in the aggregate during any calendar year, provided that Tenant provides Landlord with prior written notice of its performance of such Cosmetic Alteration. If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises

(including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within thirty (30) days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within thirty (30) days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within thirty (30) days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within ninety (90) days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act or omission or willful misconduct of Tenant or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from

any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease.

(b) Tenant's Insurance. During the term of this Lease, Tenant shall keep in full force a policy of Combined Single Limit Bodily Injury and Property Damage Insurance protecting Landlord and Tenant against any liability arising out of Tenant's or Tenant's agents use or occupancy of the Premises and all areas appurtenant thereto. Such insurance shall be primary for any such risk and shall be in an amount not less than Five Million Dollars (\$5,000,000.00) per occurrence. The policy shall contain cross-liability endorsements, and shall insure performance by Tenant in connection with its indemnification obligations set forth in Section 18(a) above. The limits of said insurance shall not, however, limit the liability of Tenant under Section 18(a) above.

Tenant shall maintain, at Tenant's own cost, a policy of standard fire and extended coverage insurance on Tenant's personal property. Said policy shall provide coverage of one hundred percent (100%) of the full replacement value.

Tenant, at Tenant's sole option, may elect to self-insure any and all of the insurance coverage required by this Section 18(b). The ability to self-insure is personal to the County of Los Angeles and may not be assigned to any other entity.

(c) Insurance Requirements. All insurance policies required to be maintained by Landlord or Tenant under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.

(d) Certificates. Landlord shall deliver to Tenant and Tenant shall deliver to Landlord, as the case may be, on the Commencement Date of this Lease and thereafter at least fifteen (15) days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing the foregoing coverage, as applicable, to each party, with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as their interests may appear. Further, all certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Landlord or Tenant, as the case may be, in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(e) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord and Tenant shall each cause their respective insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

20. PARKING.

(a) Tenant's Rights. Tenant shall have the shared right to use on a non-exclusive basis up to the number of non-exclusive parking spaces (the "Parking Spaces") set forth in Section 1 without charge for the Term of this Lease. Tenant shall be entitled to full in/out privileges in connection with the parking areas and/or facilities, and in no event shall Tenant be required to utilize any tandem parking stalls or areas in connection with the Parking Spaces to be used by Tenant under this Lease. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all unreserved parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building, provided that Landlord may grant reserved parking rights to other

tenants, occupants, licensees, invitees or permittees of the Building or the Project, which reserved parking rights shall be provided on an exclusive basis.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant during Normal Working Hours for five (5) business days or more during any month, if Tenant delivers a notice to Landlord informing Landlord of such unavailability of Parking Spaces for Tenant's use and Landlord does not reasonably dispute the same or provide reasonably suitable alternative parking, then (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant shall be entitled to a rent credit of Fifty and No/100 Dollars (\$50.00) per unavailable Parking Space to be credited against the next installment of Basic Rent due and owing by Tenant.

21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical substance, material, controlled substance, object, condition, waste, living organism or combination thereof (excluding any office or household cleaners and chemicals commonly used to maintain the Premises, Building or Project and any chemicals or substances routinely used for office operations (such as printer or copier toner), whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with any use, presence, removal or disposal of any Hazardous Materials in the Project to the extent such liability, obligation, damage or costs was a result of actions caused by Landlord or its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors (each a "Landlord Party" and collectively, the "Landlord Parties"). This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, to the extent such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES. Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed). It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

23. TENANT IMPROVEMENTS. Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

25. SUBORDINATION AND MORTGAGES.

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within thirty (30) days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten (10) days within which to cure such Default.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. On or before the expiration or earlier termination of the Term of this Lease, Tenant shall remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (excluding any modular furniture located within the Premises which may, at Tenant's option, remain in the Premises following the expiration or earlier termination of this Lease).

27. SIGNAGE. Subject to Landlord's prior written consent, Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

28. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

29. GENERAL.

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or

agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, if any, within ten (10) days after the execution of this Lease, a commission in the amount of \$215,416.00.

(d) Entire Agreement. This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprises. Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease. If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

30. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Administrative Officer of the County or its delegee (the "Chief Administrative Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

31. ACKNOWLEDGMENT BY LANDLORD.

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall consider for any such employment openings participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, so long as Landlord's assignee expressly assumes Landlord's obligations hereunder in writing, Landlord shall automatically be released from all future liability under this Lease and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord, including the return of any security deposit, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement."

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not

limited to, instruments providing for the payment of Basic Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity other than Landlord's attorneys, consultants, current or future lender(s) for the Project, and any prospective purchasers of the Project (or any portion thereof) or as compelled by law, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability arising from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

32. **IRREVOCABLE OFFER.** In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

CCA Corporate Center, L.L.C.,
a Delaware limited liability company

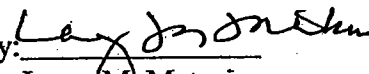
By: **CCA Commerce Holdings, L.L.C.,**
a Delaware limited liability company,
Its Sole Member

By: **Commerce Corporate Associates, L.L.C.,**
a Delaware limited liability company
Its Sole Member

By: **Summit Commerce Investors, L.L.C.,**
a Delaware limited liability company,
Its Administrative Managing Member

By: **Highridge Asset Management, L.L.C.,**
A Delaware limited liability company,
Its Manager

By: **Highridge Management, Inc.,**
a California corporation,
Its Managing Member

By: 
Larry M. Matsui
Vice President

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____
Name: _____
Chairman, Board of Supervisors

ATTEST:

Violet Varona-Lukens
Executive Officer-Clerk of the Board of
Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

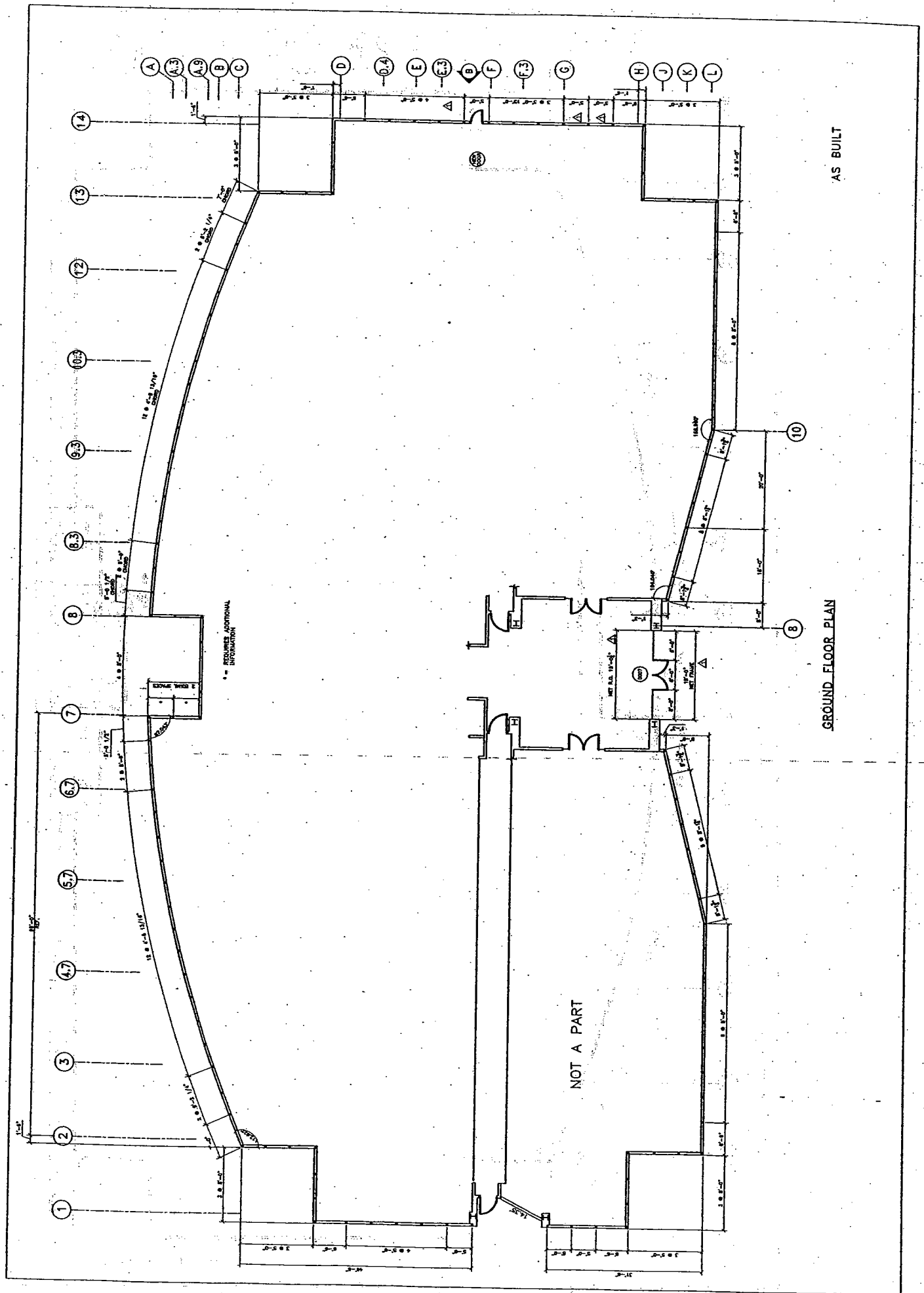
Lloyd W. Pellman
County Counsel

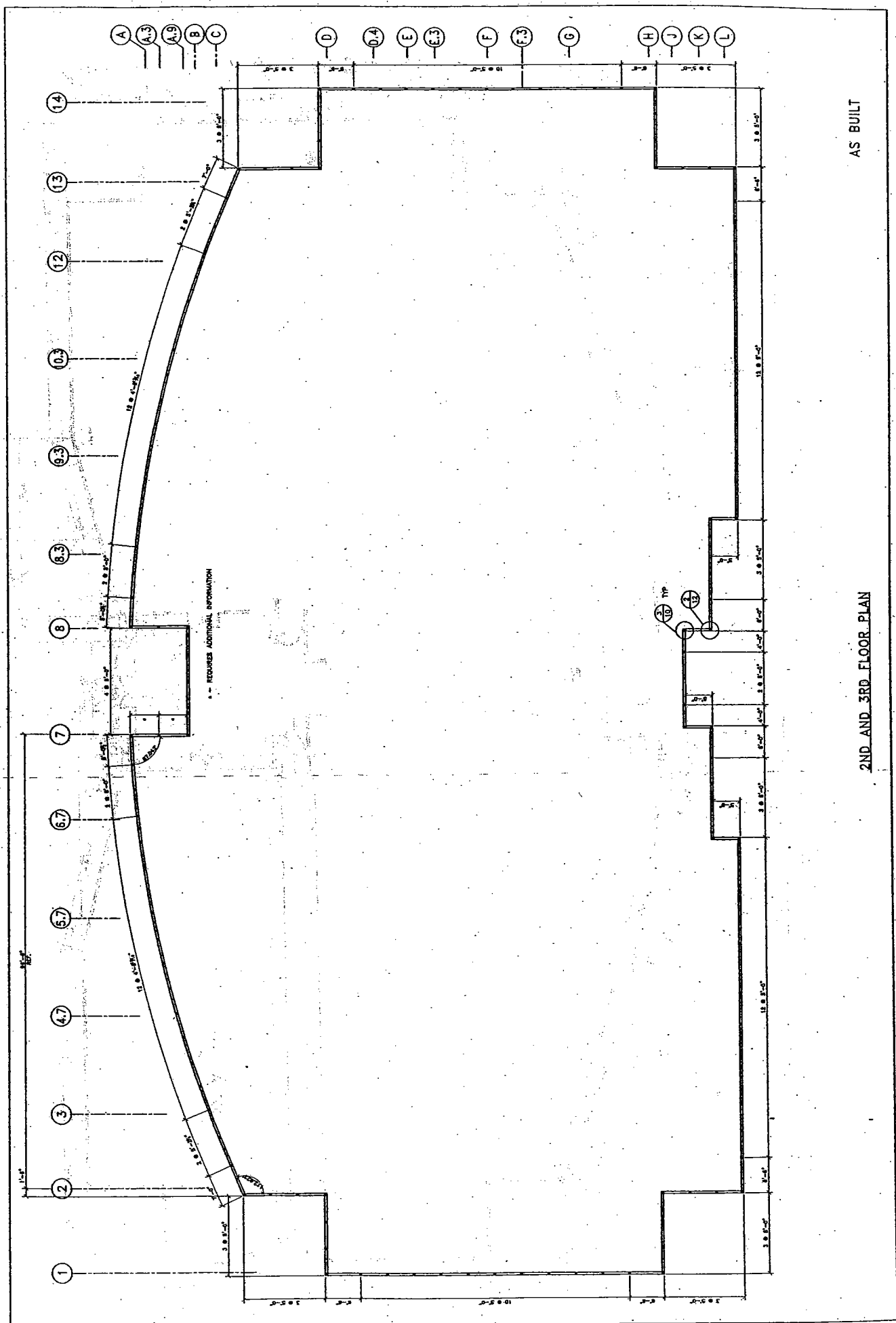
By: Francis E. Scott
Deputy: Francis E. Scott

EXHIBIT A

FLOOR PLAN OF PREMISES







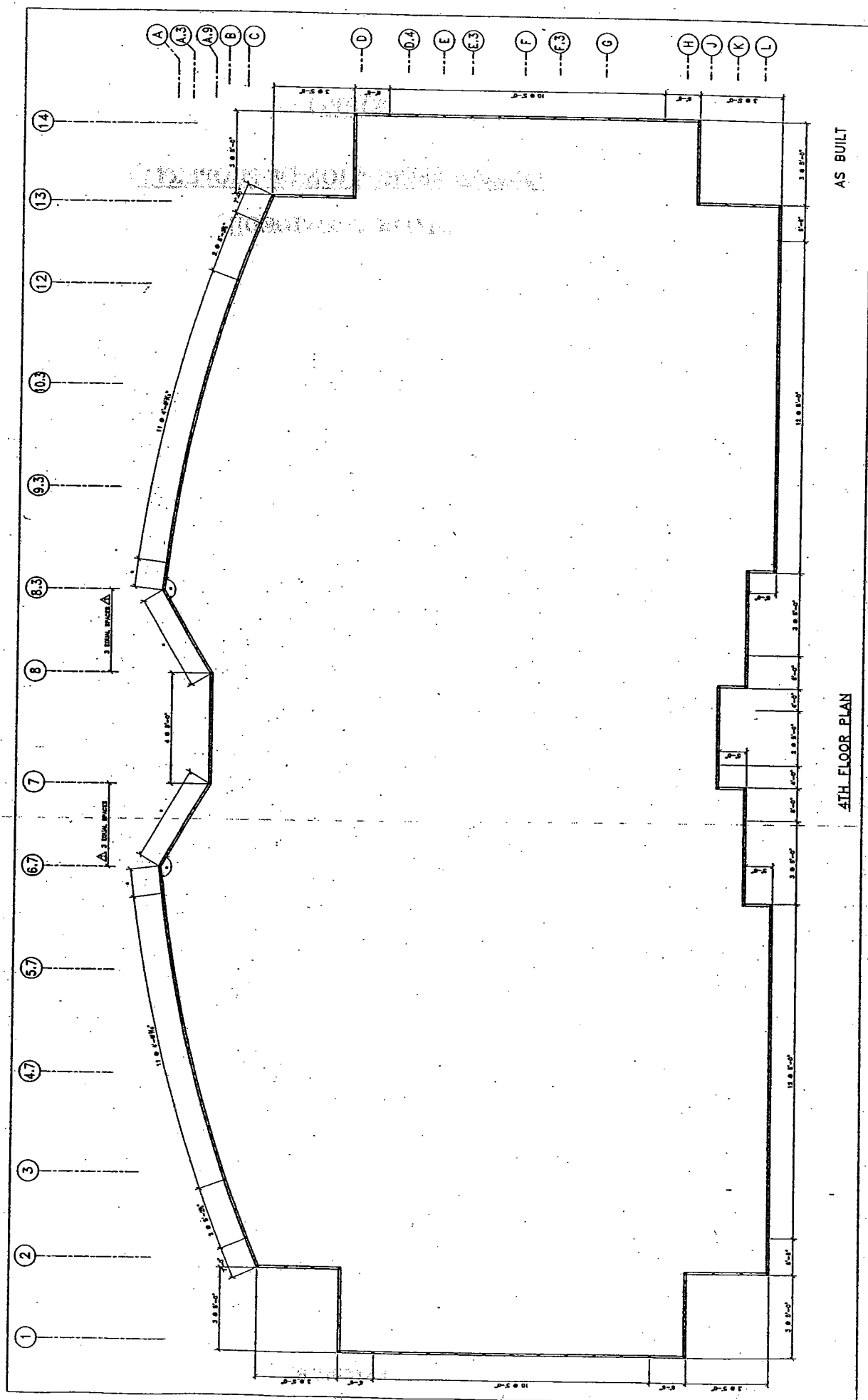


EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

[[TO BE PROVIDED]]

EXHIBIT C

**COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS**

Reference is made to that certain lease ("Lease") dated _____, 2004, between County of Los Angeles, a body politic and corporate ("Tenant"), and _____, a _____ ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at _____ ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on May 1, 2004 ("Commencement Date");
- (4) The Premises contain _____ rentable square feet of space; and
- (5) The initial Basic Rent per month is _____.

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 200__.

"Tenant"

"Landlord"

COUNTY OF LOS ANGELES,
a body politic and corporate

a _____

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT D

HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)
 - A. Carpets vacuumed.
 - B. Composition floors dust-mopped.
 - C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
 - D. Waste baskets, other trash receptacles emptied.
 - E. Chairs and waste baskets returned to proper position.
 - F. Fingerprints removed from glass doors and partitions.
 - G. Drinking fountains cleaned, sanitized and polished.
 - H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
 - I. Bulb and tube replacements, as required.
 - J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
 - K. Floors washed as needed.
 - L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.
 - M. Exclusive day porter service from ____ to ____ (if provided by contract).
2. WEEKLY
 - A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
 - B. Window sills, ledges and wood paneling and molding dusted.
3. MONTHLY
 - A. Floors washed and waxed in uncarpeted office area.
 - B. High-reach areas, door frames and tops of partitions dusted.
 - C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
 - D. Picture moldings and frames dusted.
 - E. Wall vents and ceiling vents vacuumed.
 - F. Carpet professionally spot cleaned as required to remove stains.
 - G. HVAC chiller water checked for bacteria, water conditioned as necessary.
4. QUARTERLY
 - A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
 - B. Wood furniture polished.
 - C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
 - D. HVAC units serviced for preventative maintenance purposes, all filters changed.
5. SEMI-ANNUALLY
 - A. Windows washed as required inside and outside but not less frequently than twice annually.

- B. All painted wall and door surfaces washed and stains removed.
- C. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

- A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
- B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

- A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
- B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.
- C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.
- D. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence"). The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT F

WORK LETTER

This Work Letter shall set forth the terms and conditions relating to the construction of the tenant improvements in the Premises. This Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references in this Work Letter to Articles or Sections of "this Lease" shall mean the relevant portion of Articles 1 through 32 of the Lease Agreement to which this Work Letter is attached as Exhibit F and of which this Work Letter forms a part, and all references in this Work Letter to Sections of "this Work Letter" shall mean the relevant portion of Sections A through H of this Work Letter.

A. Tenant Improvements; Tenant's Occupancy During Construction. Within ten (10) days after receipt of a duly executed copy of the Lease and County-approved preliminary plans, Landlord will, cause a licensed California architect selected by Landlord to prepare final working drawings and specifications for the proposed interior tenant improvements in the Premises (the "Tenant Improvements") which are to be provided by Landlord (subject to Tenant's reimbursement obligation set forth below in this Tenant Work Letter) up to a maximum cost of \$3,379,080.00 (\$40.00 per rentable square foot multiplied by the 84,477 rentable square feet in the Premises). The improvements to be completed by Landlord are based upon a "Base Tenant Improvement Allowance" (defined in Paragraph B below) of \$1,267,155.00 and an "Additional Tenant Improvement Allowance" (defined in Paragraph B below) of \$2,111,925.00.

Landlord and Tenant acknowledge that Tenant has been occupying the Premises and, to the extent not in conflict with applicable laws, regulations and codes, shall continue to occupy the Premises during the construction of the "Tenant Improvements" (as in Section 2 defined below). Except as specifically set forth herein, Landlord shall not be obligated to construct or install any improvements or facilities of any kind in the Premises, and Tenant shall continue to accept the Premises in its currently-existing, "as-is" condition. Tenant hereby agrees that the construction of the Tenant Improvements shall not constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of rent payable pursuant to the Lease subject to the prompt completion of the Tenant Improvements. Tenant agrees to reasonably cooperate with Landlord in connection with the construction of the Tenant Improvements and to provide reasonable access in order to allow for the timely completion thereof. Landlord hereby agrees to use commercially reasonable efforts to minimize the disruption caused to Tenant by the construction of the Tenant Improvements.

B. The Additional Tenant Improvement Allowance. In the event that the cost of the Tenant Improvements exceed \$1,267,155.00 (\$15.00 per rentable square foot multiplied by the 84,477 rentable square feet contained in the Premises) (the "Base Tenant Improvement Allowance"), Tenant may, within one hundred twenty (120) days following the date of this Lease, elect to require Landlord after review of estimates and written approval of the Director of Real Estate or Tenant's Work Letter Representative, to pay the overage up to a maximum of \$2,111,925.00 (\$25.00 per rentable square foot multiplied by the 84,477 rentable square feet contained in the Premises) additional dollars (the "Additional Tenant Improvement Allowance"). Tenant agrees to reimburse Landlord for tenant improvement costs above \$15.00 per rentable square foot of the Premises, and will amortize up to \$25.00 per rentable square foot of the Premises of the Additional Tenant Improvement Allowance at the rate of 8% per annum over the term of the Lease. Notwithstanding the foregoing, Tenant may at anytime during the Lease term pay Landlord a lump sum for all or any portion of the Additional Tenant Improvement Allowance utilized by Tenant and, consequently, the Additional Monthly Basic Rent, if any, due for the remainder of the Lease term shall be reduced accordingly. For purposes of ascertaining the actual cost of the Tenant Improvements, Landlord shall provide to Tenant, upon the issuance of a Certificate of Occupancy, a Temporary Certificate of Occupancy, a final sign-off by the City of Commerce or any of their equivalents, a reasonably detailed breakdown of the total costs of constructing and/or performing the Tenant Improvements and execute a summarized breakdown of the total costs of the Tenant Improvements in the form of the attached Exhibit Schedule I to Exhibit F with the reasonable right to conduct an audit of such costs within the twelve (12) month period following the Commencement Date. All of Landlord's hard and reasonable soft costs incurred in completing the Tenant Improvements including, but not limited to, a construction management fee not to exceed 2% of the hard costs shall be paid out of the Tenant Improvement Allowance.

C. Working Drawings; Construction of Tenant Improvements. The working drawings are to be prepared in accordance with mutually and reasonably agreed upon plans and specifications (the "Plans and Specifications"). Said Plans and Specifications shall be on file with the Real Estate Division and incorporated herein by reference thereto and Tenant shall provide Landlord with a duplicate copy of the same. Landlord shall provide any final working drawings required from said Plans and Specifications with Tenant having the right to review and approve said final working drawings. All work, construction and materials shall be referenced in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion Landlord shall furnish Tenant's Chief Administrative Office with one (1) complete set of reproducible "As-built" drawings of the Premises including locations of all underground utility lines and their depths. Upon completion of the Tenant Improvements, the Premises shall meet all applicable City, County, State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work, including construction, that must undertake to obtain the necessary jurisdictional approvals for occupancy shall be at 's sole cost and expense (except if said construction is required as a result of 's tenancy and that said construction is to the Premises excluding any common areas) and shall not be considered as part of the tenant improvement allowance. Any work to meet applicable code requirements necessitated by any special requirements of Tenant shall be included as part of the Tenant Improvement Allowance.

Landlord shall retain a general contractor to construct and/or perform the Tenant Improvements and shall submit a minimum of three bids to Landlord's selected contractors for the

construction of the Tenant Improvements to the County for its review prior to award of the contract. Notwithstanding the foregoing, unless otherwise agreed by Landlord, the contractor and all subcontractors shall be selected from Landlord's list of approved contractors and subcontractors. The bids shall include an itemized list of all materials and labor and shall include all additional costs including A/E fees, permits, contractor's profit and overhead, and project management fees. Three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

The Tenant Improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord. Notwithstanding the foregoing contained in this Paragraph, Tenant agrees that Landlord shall not be obligated to perform any of foregoing except to the extent required by law.

D. Completion. The parties agree that the estimated time for completion of the Tenant Improvements is one hundred (120) days from the date of issuance of the building permit; provided, however, such period is subject to reasonable adjustment once the final scope of work for the Tenant Improvements is finalized, based upon availability of labor and materials (without payment of overtime and/or premium) and as further provided below. Landlord shall file for all necessary building permits (if any) to construct and/or perform the Tenant Improvements within ten (10) days of completion of final working drawings and acceptance by Tenant and diligently pursue to obtain the permits as soon as possible.

Time for completion of the Tenant Improvements shall be delayed and extended outward on a day-for-day basis by any of the following:

(i) Any failure by Tenant to provide access to areas of the Premises in which construction of the Tenant Improvements is to occur; or

(ii) Tenant's failure to timely (but in no event longer than ten (10) business days) approve any matter requiring Tenant's approval and/or Tenant's failure to comply with Landlord's reasonable scheduling requirements in order to ensure the timely completion of the Tenant Improvements;

(iii) Acts or omissions of Tenant or of any employees or agents of Tenant including, but not limited to, change orders in the work, failure of Tenant to provide timely approval, or

(iv) Any act of God which Landlord could not have reasonably foreseen and provided for, or

(v) Any strikes, boycotts or like obstructive acts by employees or labor organizations which Landlord cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or

(vi) Any war or declaration of a state of national emergency, or

(vii) The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the building Premises.

Notwithstanding the foregoing or any provision of this Work Letter to the contrary, the Lease Commencement Date shall occur on May 1, 2004 as set forth in Section 1(g) of the Lease regardless of the actual date upon which the Tenant Improvements are completed.

E. Change Orders. All Tenant requested and approved change orders shall not exceed an aggregate cost of Fifty Thousand and No/100 Dollars (\$50,000.00) and Landlord shall not be required to accept any particular change order if the total cost of prior Tenant initiated change orders exceeds Fifty Thousand and No/100 Dollars (\$50,000.00). The Director of Real Estate, Real Estate Division of the Chief Administrative Office, is hereby authorized to approve change orders on behalf of Tenant. Tenant may pay for change order costs in lump sum, or may, at its option, amortize the change order costs over the term of the Lease including interest at the rate of eight percent (8%) per annum. Landlord, or Landlord's contractor, shall submit to the Director of Real Estate, Real Estate Division of the Chief Administrative Office, with each requested change order (a) specific cost of the requested change; (b) the cumulative net total cost of all change orders previously approved; and (c) an estimate of the construction time which will be increased or shortened if the change order is approved. Each change order shall be signed and dated by the Director of Real Estate, Real Estate Division of the Chief Administrative Office, be considered approved. Tenant shall have the right to conduct an audit of the cost of any such changes within the twelve (12) month period following the Commencement Date.

F. Time Period for Completion of Tenant Improvements. Subject to force majeure or Subparagraph D above, if the Tenant Improvements have not been substantially completed within 120 days (subject to equitable adjustment based upon the finalized scope of work which shall be mutually and reasonably determined by Landlord and Tenant subsequent to the date of this Lease and for availability of labor and materials (without payment of overtime and/or premiums)) from the date upon which Landlord obtains all permits required for such Tenant Improvements, which period shall be extended for a reasonable time for delays enumerated in subparagraph D above, Tenant may, at its option:

- (i) Terminate the Lease upon thirty (30) days written notice and opportunity to cure to Landlord; or
- (ii) Upon thirty (30) days written notice to Landlord and opportunity to cure, assume the responsibility for providing the Tenant Improvements itself.

If Tenant elects to provide tenant improvements itself, then:

(a) Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of making the Tenant Improvements and for any other purposes reasonably related thereto;

(b) rent shall be reduced by Tenant's total expense in making the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of eight percent (8%) per annum. The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made,

Tenant's total expense shall be fully amortized in equal monthly amounts over the term of the Lease.

G. Tenant's and Landlord's Representatives. An assigned staff person of the CAO office shall be Tenant's Work Letter Representative and shall serve as Tenant's sole representative with respect to the matters set forth in this Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required hereunder. Landlord has designated Mr. Larry Matsui as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of Landlord as required hereunder.

H. Unused Portion of Base Tenant Improvement Allowance. Following completion of the Tenant Improvements, in the event that there is a balance then remaining of the Base Tenant Improvement Allowance (i.e. the total cost of the Tenant Improvements did not exceed \$1,267,155.00 (\$15.00 per rentable square foot multiplied by the 84,477 rentable square feet contained in the Premises)), then, Landlord shall apply such remaining balance of the Base Tenant Improvement Allowance toward Tenant's payment(s) of Rent next due until such remaining balance is exhausted.

SCHEDULE 1 TO EXHIBIT F

MEMORANDUM OF TENANT IMPROVEMENT COST

This Agreement is dated this _____ day of _____, 2004, for reference purposes only, by and between Landlord, CCA Corporate Center, L.L.C., a Delaware limited liability company, and Tenant, County of Los Angeles, a body politic and corporate.

1. The parties hereto have entered into Lease Agreement dated as of _____, 2004 (the "Lease") for the leasing by Landlord to Tenant of a portion of the building located at 5770 So. Eastern Avenue, Commerce ("the Premises").

2. Landlord and Tenant hereby confirm the following:

(a) The final total cost of the tenant improvements for the Premises is _____ This is comprised of:

<u>Lease Budget</u>	<u>Actual Cost</u>
\$ 1,267,155.00 Base Tenant Improvement Allowance	\$ _____
\$ 2,111,925.00 Additional Allowance	\$ _____
\$ 50,000.00 Change Orders	\$ _____
\$ 3,429,080.00 Total	\$ _____

(b) **[[LANDLORD TO CONFIRM THE FOLLOWING:** Occupancy costs, "cancellation fee" incurred by Landlord to complete this Lease are hereby waived.

(c) The _____ month period that the Premises costs detailed above that are to be amortized commenced _____ and are scheduled to end _____.]

IN WITNESS WHEREOF, Landlord and Tenant have respectfully signed this Agreement.

Tenant:

Landlord:

County of Los Angeles

By: _____

Chuck W. West
Director of Real Estate

By: _____

Title: _____